



WELLSPIRE HOLDINGS BERHAD

Registration No: 202101026155 (1426455-A)

Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2023**

WELLSPIRE HOLDINGS BERHAD
Registration No: 202101026155 (1426455-A)
Unaudited Interim Financial Report for the Second Quarter ended 30 June 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Year Quarter	Unaudited Preceding Year Corresponding Quarter	Unaudited Current Year-to-date	Audited Preceding Year-to-date
		30.06.2023 RM'000	30.06.2022 ⁽²⁾ RM'000	30.06.2023 RM'000	30.06.2022 ⁽²⁾ RM'000
Revenue		29,552	N/A	63,601	60,509
Cost of sales		<u>(23,436)</u>	<u>N/A</u>	<u>(50,678)</u>	<u>(46,839)</u>
Gross profit		6,116	N/A	12,923	13,670
Other operating income		536	N/A	708	666
Net reversal of impairment loss of financial instruments		95	N/A	18	59
Selling and administrative expenses ⁽³⁾		<u>(4,486)</u>	<u>N/A</u>	<u>(8,953)</u>	<u>(10,334)</u>
Finance costs		<u>(41)</u>	<u>N/A</u>	<u>(91)</u>	<u>(175)</u>
Profit before tax	B12	2,220	N/A	4,605	3,886
Tax expense	B5	<u>(722)</u>	<u>N/A</u>	<u>(1,629)</u>	<u>(1,745)</u>
Profit for the financial period		1,498	N/A	2,976	2,141
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation gain, net of tax		<u>334</u>	<u>N/A</u>	<u>592</u>	<u>(50)</u>
Total comprehensive income for the financial period		<u>1,832</u>	<u>N/A</u>	<u>3,568</u>	<u>2,091</u>
Profit attributable to:					
Owners of the Company		1,044	N/A	1,944	1,072
Non-controlling interests		<u>454</u>	<u>N/A</u>	<u>1,032</u>	<u>1,069</u>
		<u>1,498</u>	<u>N/A</u>	<u>2,976</u>	<u>2,141</u>
Total comprehensive income attributable to:					
Owners of the Company		1,295	N/A	2,389	1,035
Non-controlling interests		<u>537</u>	<u>N/A</u>	<u>1,179</u>	<u>1,056</u>
		<u>1,832</u>	<u>N/A</u>	<u>3,568</u>	<u>2,091</u>
Earnings per share to Owners of the Company					
Basic/Diluted (sen)	B11	⁽⁴⁾ 0.14	N/A	⁽⁴⁾ 0.27	0.36

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (CONTINUED)

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.
2. The interim financial report is announced in compliance with ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding year's corresponding quarter. The comparative figures for the preceding year's cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.
3. Selling and administrative expenses included one-off listing expenses of RM0.06 million charged out to the profit during the previous quarter and current year-to-date, respectively. For illustration purposes only, the Company's financial performance after adjusting for the one-off listing expenses is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2022 RM'000	Unaudited Current Year-to-date 30.06.2023 RM'000	Audited Preceding Year- to-date 30.06.2022 RM'000
Profit before taxation	2,220	N/A	4,605	3,886
Add: Listing expenses	-	N/A	61	2,507
Adjusted profit before taxation	<u>2,220</u>	<u>N/A</u>	<u>4,666</u>	<u>6,393</u>

4. The basic/ diluted earnings per share of the Company for the current quarter and financial year-to-date are equivalent to the basic earnings per share as the Company does not have any convertible securities as at the end of the reporting period. The basic earnings per share is calculated based on 712,125,000 ordinary shares after the Company was listed on the ACE market of Bursa Securities on 16 January 2023.

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WELLSPIRE HOLDINGS BERHAD
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Unaudited Interim Financial Report for the Second Quarter ended 30 June 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited As at 30.06.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		905	913
Right-of-use assets		758	1,060
		1,663	1,973
<i>Current assets</i>			
Inventories		6,289	7,817
Trade and other receivables		18,287	20,365
Cash and cash equivalent		41,988	10,470
		66,564	38,652
TOTAL ASSETS		68,227	40,625
EQUITY AND LIABILITIES			
Share capital		50,529	23,501
Reserves		(10,638)	(11,083)
Retained earnings		11,394	9,450
		51,285	21,868
Non-controlling interests		7,022	5,843
TOTAL EQUITY		58,307	27,711
LIABILITIES			
<i>Non-current liabilities</i>			
Lease liabilities		218	339
Deferred tax liabilities		2,782	2,334
Borrowings	B8	179	221
		3,179	2,894
<i>Current liabilities</i>			
Lease liabilities		341	470
Borrowings	B8	2,730	5,077
Trade and other payables		2,512	3,917
Current tax liabilities		1,158	556
		6,741	10,020
TOTAL LIABILITIES		9,920	12,914
TOTAL EQUITY AND LIABILITIES		68,227	40,625
Net assets per share (Sen) ⁽²⁾		7.20	3.72

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.
2. Net assets per ordinary share is calculated based on the Company's issued share capital of 712,125,000 ordinary shares as at 30 June 2023 and 587,525,000 ordinary shares as at 31 December 2022.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Share capital RM'000	Invested equity RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Legal reserve RM'000	Distributable Retained earnings RM'000	Equity attributable to common controlling shareholders of the combining entities RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited									
Balance as at 1 January 2023 (Audited)	23,501	-	(415)	(10,721)	53	9,450	21,868	5,843	27,711
Profit for the financial period	-	-	-	-	-	1,944	1,944	1,032	2,976
Other comprehensive income, net of tax	-	-	445	-	-	-	445	147	592
Total comprehensive income	-	-	445	-	-	1,944	2,389	1,179	3,568
Issuance of ordinary shares	27,028	-	-	-	-	-	27,028	-	27,028
Balance as at 30 June 2023	50,529	-	30	(10,721)	53	11,394	51,285	7,022	58,307

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital RM'000	Invested equity RM'000	Foreign currency translation reserve RM'000	Merger reserve RM'000	Legal reserve RM'000	Distributable Retained earnings RM'000	Equity attributable to common controlling shareholders of the combining entities RM'000	Non- controlling interests RM'000	Total equity RM'000
Unaudited									
Balance as at 1 January 2022 (Audited)	2,000	11,501	(613)	(10,721)	53	8,311	10,531	3,941	14,472
Profit for the financial period	-	-	-	-	-	1,139	1,139	1,817	2,956
Other comprehensive income, net of tax	-	-	198	-	-	-	198	66	264
Total comprehensive income	-	-	198	-	-	1,138	1,337	1,883	3,220
Issuance of ordinary shares	10,000	-	-	-	-	-	10,000	-	10,000
Issuance of ordinary shares for the acquisition of subsidiary	11,501	(11,501)	-	-	-	-	-	-	-
Issuance of ordinary shares to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	19	19
	21,501	(11,501)	-	-	-	-	10,000	19	10,019
Balance as at 31 December 2022 (Audited)	23,501	-	(415)	(10,721)	53	9,450	21,868	5,843	27,711

Note:

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.

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Unaudited Interim Financial Report for the Second Quarter ended 30 June 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	Unaudited Current Year- to-date 30.06.2023 RM'000	Audited Preceding Year Year-to-date 30.06.2022 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,605	3,886
Adjustments for:		
Depreciation of:		
- property, plant and equipment	169	101
- right-of-use assets	323	651
Interest expense on:		
- borrowings	74	146
- lease liabilities	16	71
Interest income	(329)	(1)
Reversal of impairment loss on trade receivables	(18)	(59)
Provision for obsolete stocks	58	-
Inventories written down	-	200
Unrealised gain on foreign exchange	(325)	(585)
Operating profit before changes in working capital	4,573	4,410
Changes in working capital		
Inventories	1,715	(130)
Trade and other receivables	2,761	2,230
Trade and other payables	(1,518)	(1,653)
Cash generated from operations	7,531	4,857
Interest received	329	1
Tax paid	(603)	(1,922)
Net cash from operating activities	7,257	2,936

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONTINUED)

	Unaudited Current Year- to-date 30.06.2023 RM'000	Audited Preceding Year Year-to-date 30.06.2022 ⁽²⁾ RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of:		
- property, plant and equipment	(138)	(514)
- right-of-use assets	-	(4)
Placement of fixed deposit	(20,000)	-
Net cash used in investing activities	(20,138)	(518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of borrowings	11,704	-
Payments of lease liabilities	(280)	(1,116)
Proceeds from issuance of shares	27,028	10,000
Proceeds from issuance of shares to NCI	-	19
Repayments of borrowings	(14,323)	(4,900)
Net cash from financing activities	24,129	4,003
Net increase in cash and cash equivalents	11,248	6,421
Effects of exchange rate changes on cash and cash equivalents	270	582
Cash and cash equivalents at beginning of financial period	10,470	5,882
Cash and cash equivalents at end of financial period	21,988	12,885
Represented by:		
Cash and cash equivalent	41,988	12,885
Less: Fixed deposits with licensed bank	20,000	-
	21,988	12,885

Note:

1. The basis of the preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.
2. The comparative figures for the preceding year's cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.

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Unaudited Interim Financial Report for the Second Quarter ended 30 June 2023

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1 –Basis of Preparation

The interim financial report of Wellspire Holdings Berhad (“Wellspire” or “Company”) and its subsidiaries (“Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the fourth interim financial report on the Company’s unaudited condensed consolidated financial results for the second (2nd) quarter ended 30 June 2023 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year’s corresponding quarter. The comparative figures for the preceding year’s cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants’ Report included in the Company’s prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.

The interim financial report should also be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying notes attached to this interim financial report.

A2 – Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Group’s audited financial statements for the financial year 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023.

The following MFRSs and Amendments to MFRSs have been issued but has not been early adopted by the Group.

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non Current Liability with Convenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The adoption of the above accounting standards did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

A3 – Auditors’ Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4 – Seasonal or Cyclicity of Operations

The business operations of the Group during the current financial quarter under review have not been materially affected by any seasonal or cyclical factors.

A5 –Unusual Items Affecting Assets, Liabilities, Equity, Net Income and Cash Flows

There were no items of an unusual items affecting the assets, liabilities, equity, net income or cash flows in the current financial quarter under review.

A6 – Material changes in Estimates

There were no material changes in estimates during the current financial quarter under review.

A7 – Debt and Equity Securities

There were no other issuances, cancellation, repurchases, resales and repayment of debts and equity securities during the current financial quarter under review.

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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONTINUED)

A8 – Dividends Paid

There were no dividend declared or paid during the current financial quarter under review.

A9 – Segmental Information

The primary activities of the Group are in a single industry segment of distribution of consumer packaged foods. Other reporting segment include online retailer of consumer packaged foods and investment holding, which are not of a sufficient size to be reported separately.

Accordingly, the Group has only one (1) reportable segment.

A10 – Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment in the current financial quarter under review.

A11 – Material Subsequent Events

There were no material subsequent events to the end of the current financial quarter under review.

A12 – Changes in the Composition of The Group

There were no other material changes in the composition of the Group for the current financial quarter under review.

A13 – Contingent Assets and Contingent Liabilities

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A14 – Capital Commitment

Save as disclosed below, there were no capital commitments:

	Unaudited	Audited
	As at	As at
	30.06.2023	30.06.2022
	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant, and equipment:		
• Approved but not contracted for acquisition of a warehouse and operational facility in Thailand	<u>16,000</u>	<u>16,000</u>

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PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONTINUED)**A15 –Related Party Transaction**

There were no related party transactions to the end of the current financial quarter under review, except for the following:

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2022 RM'000	Unaudited Preceding Year-to-date 30.06.2023 RM'000	Audited Preceding Year- to-date 30.06.2022 RM'000
Purchase of goods and services	-	N/A	-	1,523
Rental expenses paid to a related party	442	N/A	877	853

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1 – Review of Performance**

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current Year Quarter 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022 ⁽¹⁾	Current Year-to- date 30.06.2023	Preceding Year-to- date 30.06.2022 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	29,552	N/A	63,601	60,509
Gross profit	6,116	N/A	12,923	13,670
Profit before tax	2,220	N/A	4,605	3,886

Results for current quarter:

The Group achieved revenue of RM29.55 million for the current quarter ended 30 June 2023. The Group's revenue were derived from customers located in Thailand. Revenue from sales of sunflower seeds accounted for RM26.77 million or 90.59% of the total revenue whereas the sales of other snack foods accounted for RM2.78 million or 9.41% of the total revenue for the for the current quarter ended 30 June 2023. Material costs constituted the largest component in the Group's cost of sales which accounted for RM22.84 million or 97.48% of its total cost of sales of amounting to RM23.43 million for the current quarter ended 30 June 2023.

Overall, the Group recorded profit before tax of RM2.22 million for the current quarter ended 30 June 2023.

Results for cumulative quarter year-to-date:

The Group registered higher revenue of RM63.60 million for the cumulative quarter ended 30 June 2023 as compared to RM60.51 million in the corresponding preceding year's cumulative quarter ended 30 June 2022. The higher revenue was mainly contributed by the increase in orders placed for snack food products by customers of the Company. The Group recorded higher profit before tax of RM4.61 million for the cumulative quarter ended 30 June 2023 as compared to the profit before tax of RM3.89 million in the corresponding preceding year's cumulative quarter ended 30 June 2022. The Group recorded higher profit before tax mainly due to higher revenue which is partially offset with higher cost of sales arising from increase in material costs, and lower listing expenses as compared to profit before tax in the corresponding preceding year's cumulative quarter ended 30 June 2022.

Note:

1. This is the fourth financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year's corresponding quarter available. The comparative figures for the preceding year's cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.

B2 – Comparison with immediate preceding quarter's results

	INDIVIDUAL QUARTER	
	Current Year Quarter 30.06.2023	Preceding Quarter 31.03.2023
	RM'000	RM'000
Revenue	29,552	34,049
Gross profit	6,116	6,807
Profit before tax	2,220	2,385

The Group registered lower revenue of RM29.55 million for the current financial quarter as compared to RM34.05 million in the preceding quarter. The lower revenue was mainly due to consumer's adaptation period to the revision of retail selling price. The Group recorded lower profit before tax of RM2.22 million as compared to the profit before tax of RM2.39 million in the preceding quarter. The Group recorded lower profit before tax mainly due to lower revenue and gross profit which is partially offset with the savings from advertising and promotional expenses, higher interest income and unrealised foreign exchange gain as compared to profit before tax in the preceding quarter.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B3 –Prospects and Outlook for the Current Financial Year

The successful listing of Wellspire has thus strengthened the Group’s strategies and Management’s commitment to be the preferred distribution partner for snack food products from other regions into the Thailand market. In addition, it has laid the foundation for the Group’s future trajectory, and will serve as an important enabler for potential synergistic cross-country distribution of snack food products.

Towards this end, the Group intends to implement the following future plans:

- a) As part of the Group’s business strategies, the Group intends to acquire/ construct a warehouse and operating facility as a long-term investment to increase the Group’s asset base instead of renting the distribution centre. The Group intends to allocate up to RM16.00 million of the IPO proceeds to be utilised within 18 months from its listing, to explore its options either to acquire the abovementioned existing distribution centre from the Promoters or to acquire a new warehouse and operational facility at another suitable location in Thailand.

As at the date of this interim report, the Company had engaged professionals to assess the options (i) to acquire the abovementioned existing distribution centre from the Promoters; or (ii) to acquire a new warehouse and operational facility at another suitable location in Thailand; or (iii) to acquire land and construct new warehouse and operational facility based on the Group’s specifications.

- b) As a distributor of consumer packaged snack foods to operators of large chain retail outlets, the Group will continue to expand its range of products to include other types of snack foods as the Group has market access to a large potential end-consumer base. In this respect, the Group plans to widen its existing range of third-party brands of consumer packaged snack foods.

On 23 March 2023, the Group has entered into a distribution agreement with HH International Enterprise Limited (“HH”), whereby the Group was appointed as the exclusive distributor of “WEILONG” brand products by HH. The products supplied by HH will only be marketed, distributed and sold by the Group in Thailand. The Group will commence distribution of WEILONG brand konjac and seasoned flour products, namely Weilong Big Hot stick (Latiao) and Weilong Konjac Shuang.

On 13 July 2023, the Group has entered into a distribution agreement with Cundo Food Co., Ltd (“CUNDO”), whereby the Group was appointed as the exclusive distributor of “CUNDO” brand products by CUNDO. The products supplied by CUNDO will be marketed, distributed and sold by the Group in Malaysia, Singapore and Thailand. The Group will commence distribution of CUNDO brand bakery and confectionery products, namely Cundo Cake (Milk Flavour), Cundo Cake (Chocolate Flavour and Cundo Cake (Strawberry Raspberry Flavour).

On 23 August 2023, the Group has entered into a strategic cooperation agreement with Khee San Food Industries Sdn. Bhd. (“KHEE SAN”) and the products will be marketed, distributed and sold by the Group in Thailand. The Group and KHEE SAN shall within a period of six (6) months from the date of the aforesaid agreement negotiate in good faith and enter into one or more exclusive distribution agreements that shall set forth the specific commercial terms governing the distribution of the specific lines, classes or categories of the “KHEE SAN” brand products.

- c) Part of the Group’s plan is to enhance the features of its existing e-commerce platform operated by its subsidiary, Keymall Retail, to further complement its existing business model and to increase its online presence. The Group’s existing e-commerce platform has basic features to showcase its product offerings on the website which does not have a payment gateway system, and is only available in Thai language. The Group plans to upgrade the platform to be functional by next 6 months and to commence operations from the enhanced e-commerce platform. This will be funded through internally generated funds. As of the date of this interim report, the Group has successfully identified an e-commerce platform to further complement its existing business model and to increase its online presence.

In addition to the above, the Group views that the demand for healthy snacks like sunflower seeds and nut products is expected to increase in Thailand as according to Statista, the revenue value of Thai snack food market has exceeded USD 1 billion in 2023, and is projected to witness a CAGR of 7.16% during the period of 2023-2028, growing from USD 1.07 billion in 2023, to over USD 1.54 billion by 2028. In relation to total population figures, the Thai market generated a revenue of US\$15.31 per person in 2023.

Based on the above, Wellspire remains positive of the Group’s ability to continue achieving satisfactory financial performance in the future.

B4 – Variance of Actual Profit Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B5 – Tax Expense

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Unaudited Current Year Quarter 30.06.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.06.2022 ⁽¹⁾ RM'000	Unaudited Preceding Year-to-date 30.06.2023 RM'000	Audited Preceding Year- to-date 30.06.2022 ⁽¹⁾ RM'000
<u>Taxation</u>				
- Malaysia	-	N/A	-	-
- Outside Malaysia	509	N/A	1,181	1,206
	509	N/A	1,181	1,206
<u>Deferred tax</u>				
- Malaysia	-	N/A	-	-
- Outside Malaysia	213	N/A	448	539
	213	N/A	448	539
Tax expense	722	N/A	1,629	1,745
Profit before taxation	2,220	N/A	4,605	3,886
Effective tax rate	32.52%	N/A	35.37%	44.90%

The higher effective tax rate of the Group as compared to the Thailand statutory tax rate for the current financial period 20% was mainly due to the non-deductibility of certain expenses and tax effects of origination of temporary differences on undistributed retained earnings of consolidated entities for the financial period ended 30 June 2023. In accordance with Section 70 of Thai Revenue Code, dividends paid to holding companies incorporated under foreign laws and not carrying on business in Thailand are subject to a withholding tax at the rate of 10% of the distributed amount.

Note:

- This is the fourth financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year's corresponding quarter. The comparative figures for the preceding year's cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.

B6 – Status of Corporate Proposals

There were no other corporate proposals announced but not implemented as at the date of this interim financial report.

B7 – Utilisation of Proceeds from IPO

The utilisation of proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 27 December 2022. The gross proceeds of approximately RM28.66 million raised from the IPO and the status of utilisation as of 30 June 2023 is disclosed in the following manner:

Details of utilisation	Estimated Timeframe for the utilisation upon listing ⁽¹⁾	Proposed Utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Balance to be utilised RM'000
Acquire/ construct a warehouse and operational facility in Thailand	Within 18 months	16,000	-	-	16,000
Working capital	Within 18 months ⁽³⁾	5,958	1,692	912	5,178
Estimated listing expenses	Within 3 months	6,700	5,788	(912) ⁽²⁾	-
Total		28,658	7,480	-	21,178

Notes:

- From the date of listing of the Company on the ACE Market of Bursa Securities.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**B7 – Utilisation of Proceeds from IPO (Continued)**

- The actual utilisation of listing expenses amounted to RM5.79 million. The surplus of RM0.91 million from the estimated listing expenses was re-allocated to the general working capital requirements of the Group.
- On 28 August 2023, an announcement was issued to extend the timeframe for the utilisation of the IPO proceeds allocated for working capital for an additional 12 months, up to 18 months from date of listing of the Company.

B8 – Bank Borrowings

Total Group bank borrowings as at 30 June 2023 are as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
<u>Non-current:</u>			
Term loan	179	179	-
	<u>179</u>	<u>179</u>	<u>-</u>
<u>Current:</u>			
Term loan	101	101	-
Revolving credit	2,629	-	2,629
Invoice financing	-	-	-
	<u>2,730</u>	<u>101</u>	<u>2,629</u>

Total Group bank borrowings as at 31 December 2022 are as follows:

	Total RM'000	Secured RM'000	Unsecured RM'000
<u>Non-current:</u>			
Term loan	221	221	-
	<u>221</u>	<u>221</u>	<u>-</u>
<u>Current:</u>			
Term loan	97	97	-
Revolving credit	2,544	-	2,544
Invoice financing	2,436	2,436	-
	<u>5,077</u>	<u>2,533</u>	<u>2,544</u>

All of the above borrowings are denominated in THB and are secured except for revolving credits.

B9 – Material Litigations

As at the date of this interim financial report, there is no material litigation or arbitration by/against the Group, which has a material effect on the financial position of the Group and the Board of Directors (“**Board**”) is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

B10 – Dividends

There were no dividend proposed or declared by the Board of the Company during the current financial quarter under review.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B11 –Earnings per Share (“EPS”)

The earnings per share of the current financial quarter under review are calculated as follows:

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Unaudited Current Year Quarter	Unaudited Preceding Year Corresponding Quarter	Unaudited Preceding Year-to-date	Audited Preceding Year- to-date ⁽¹⁾
	30.06.2023 RM'000	30.06.2022 ⁽¹⁾ RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit attributable to the Owners of the Company	1,044	N/A	1,944	1,072
Number of ordinary shares ('000)	712,125	N/A	712,125	300,000
Basic/ Diluted EPS (sen)	0.14	N/A	0.27	0.36

Note:

- This is the fourth financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year's corresponding quarter. The comparative figures for the preceding year's cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.

B12 – Notes to the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit before tax is arrived at after charging / (crediting):

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Unaudited Current Year Quarter	Unaudited Preceding Year Corresponding Quarter	Unaudited Preceding Year-to-date	Audited Preceding Year- to-date
	30.06.2023 RM'000	30.06.2022 ⁽¹⁾ RM'000	30.06.2023 RM'000	30.06.2022 ⁽¹⁾ RM'000
Depreciation of :				
- property, plant and equipment	88	N/A	169	101
- right-of-use assets	127	N/A	323	651
Interest expenses on :				
- lease liabilities	7	N/A	16	71
- borrowings	33	N/A	74	146
Listing expenses	-	N/A	61	2,507
Interest income	(232)	N/A	(329)	(1)
Realised gain on foreign exchange	(13)	N/A	(44)	(48)
Net reversal of impairment loss of financial instruments.	(95)	N/A	(18)	(59)
Provision for obsolete stocks	58	N/A	58	-
Inventories written down	-	N/A	-	200
Unrealised gain on foreign exchange	(285)	N/A	(325)	(585)

Other disclosure items pursuant to Appendix 9B of the Listing requirement are not applicable.

Note:

- This is the fourth financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding year's corresponding quarter. The comparative figures for the preceding year's cumulative quarter ended 30 June 2022 should be read in conjunction with the Accountants' Report included in the Company's prospectus dated 27 December 2022. The Company was listed on the ACE Market of Bursa Securities on 16 January 2023.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B13 – Derivative

The Group did not enter into any derivatives during the current financial quarter under review.

By the Order of the Board

Company Secretary

28 August 2023

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